

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)
CORPORATION FOR AN ORDER) CASE NO. 2012-00066
APPROVING ECONOMIC DEVELOPMENT)
RIDERS)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO ATMOS ENERGY CORPORATION

Atmos Energy Corporation ("Atmos"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Atmos shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Atmos fails or refuses to furnish all or part of the requested information, Atmos shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the response to Item 1.c. of Commission Staff's First Information Request ("Staff Request One"), specifically, the fourth sentence in the first paragraph, which reads: "The Company believes that all customers will share in the benefits of spurring industrial development and job creation and as a result should not be considered as being adversely affected by the MLR and SDR riders." Item 1.c. referenced Finding No. 8 in the Commission's Final Order in Administrative Case No. 327,¹ which reads: "During rate proceedings, utilities with active EDR contracts should demonstrate through detailed cost-of-service analysis that nonparticipating ratepayers are not adversely affected by these EDR customers."

a. Explain whether, based on the fourth sentence as referenced above, it is Atmos's contention that it expects to prepare cost-of-service analysis that

¹ Administrative Case No. 327, An Investigation into the Development of Economic Development Rates by Electric and Gas Utilities (Ky. PSC Sept. 24, 1990).

will be able to incorporate the effects of the industrial development and job creation its proposed economic development rate (“EDR”) tariff is intended to foster.

b. Explain whether Atmos believes that the language of Finding No. 8 reflects the Commission’s intent that the cost-of-service analysis referenced therein was to include the effects of the utility-assisted industrial development and job creation.

2. Refer to the response to Item 1.c. of Staff Request One, specifically, the second paragraph, which compares the proposed Margin Loss Rider (“MLR”) and System Development Rider (“SDR”) to the gas distribution utilities’ pipe replacement programs. After stating that “[t]he Company should be allowed to recover its costs through the MLR and SDR as opposed to a general rate adjustment proceeding” the paragraph concludes with “[f]or programs such as these, the Commission should allow a utility to recover its costs on a more current basis.”

a. Explain whether Atmos is aware that all Commission-approved pipe replacement programs have been approved in “general rate adjustment proceedings.”

b. Explain whether Atmos is aware that the proposed MLR and SDR tariffs meet the statutory definition of rate in KRS 278.010.

c. Explain whether Atmos is aware that it has been the practice of the Commission to provide initial authorization of a rate that would increase customers’ bills only within a general rate case, except for rates that are voluntary.

3. Refer to the response to Item 5 of Staff Request One.

a. Confirm that the case referenced therein, in which an MLR tariff was approved for Atmos, was a general rate case.

b. Confirm that the Commission's approval of an MLR tariff for Atmos was the result of a unanimous settlement agreement under which lost revenues would be shared equally by ratepayers and shareholders.

c. The last sentence of the response states that, as an alternative to the proposed MLR and SDR, "[t]he Company would be amenable to a rate stabilization mechanism." Provide a brief description of what the response refers to as a "rate stabilization mechanism."



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DATED APR 19 2012

cc: Parties of Record

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